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FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC 3973
INFO RUEHAC/AMEMBASSY ASUNCION 3633
RUEHBO/AMEMBASSY BOGOTA 2177
RUEHBU/AMEMBASSY BUENOS AIRES 1140
RUEHBR/AMEMBASSY BRASILIA 0534
RUEHCV/AMEMBASSY CARACAS 1845
RUEHPE/AMEMBASSY LIMA 5806
RUEHMN/AMEMBASSY MONTEVIDEO 4100
RUEHQT/AMEMBASSY QUITO 1986
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC

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SUBJECT: CHILE MEDIA REPORT - NOVEMBER 19

Front Page News

11. The Association of Public Employees (Anef) and congressmen of all parties rejected the government's graded 10% salary increase, extending the strike for another day; State copper company Codelco begins plan to lower operation costs.

U.S. Related

12. At 4pm President Bachelet received an unexpected phone call from Barack Obama, who was returning her call. Bachelet had tried to reach Obama to congratulate him for his victory. Reportedly, Bachelet is comfortable with Obama's more "progressive" stance, and in her conversation yesterday underscored the similarity in the priorities of her administration and those announced by Obama. Bachelet foresees the strengthening of bilateral ties and in this context expressed the hope to establish "a new Alliance" between Washington and Latin America. Bachelet also invited Obama to visit Chile (All dailies, 11/19).

13. Assistant Secretary for International Narcotics, David Johnson, warned that Bolivia's decision to expel the DEA, thereby ending programs to eradicate coca plantations, could result in an increase in trafficking and consumption of narcotics in all of Bolivia's neighbors, including Chile. Johnson said he has no "recipe" to help Chile face this threat and said he hopes that civil society and the government can work together as efficiently as possible. On the possibility that Russia will open a counternarcotics agency in Bolivia to replace the DEA (as reported in the press), Johnson said this would not have any immediate effect (El Mercurio, conservative, influential newspaper of record, circ. 129,000).

14. The Kremlin has already announced it will open an agency in Bolivia to fill the void left by the DEA. Reportedly, the Kremlin's counternarcotics assistance will amount to US\$4.5 billion and includes helicopters for the control of coca plantations (La Tercera, conservative, independent, circ. 101,000).

15. Direct foreign investment in Chile increased 187% from January to August of this year, amounting to US\$2.346 billion. The sectors responsible for this increase are mining, electricity, gas, water, and communications. Canada has the highest percent (50% of all direct investment), followed by Japan (14%), and the United States , 9% (La Segunda, conservative afternoon daily).

16. China is taking advantage of the end of the Bush era to expand

in Latin America. Chinese President Hu Jintao arrived to the region days ago with a large delegation to visit Cuba and Costa Rica, where he signed an array of economic agreements in important areas such as biotechnology and energy. China's trade with the region has increased tenfold since 2000 (El Mercurio).

Narcotics

17. Attorney Yieninson Yapur was charged with laundering money from narcotics trafficking and is now in preventive detention. Yapur is the defense attorney of the Mazza clan, whose members face the same charges and have had their assets frozen (El Mercurio).

Local

18. The public employees strike is having a serious impact: One woman died in Puerto Montt for failing to receive emergency treatment, 40,000 children are not attending preschool, 400 surgeries have been postponed and 30,000 people have not received primary health services. In addition, there are up to five-hour delays at border crossings, illegal seizures of offices in public buildings, and marches in some cities (All dailies, 11/19).

Survey

19. The IDB's Development in the Americas survey shows that, although Chile has the third highest per capita income in the region, its citizens have a high level of dissatisfaction. In fact, the survey shows that overall, more developed countries have lower levels of satisfaction (Diario Financiero, financial daily, circ. 30,000).

SIMONS